



General Assembly

***Substitute Bill No. 5480***

*January Session, 2003*

***AN ACT CONCERNING INSURANCE PRODUCER COMMISSIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. Section 38a-702l of the general statutes is repealed and the  
2       following is substituted in lieu thereof (*Effective October 1, 2003*):

3       (a) An insurance company or insurance producer shall not pay a  
4       commission, service fee, brokerage or other valuable consideration to a  
5       person for selling, soliciting or negotiating insurance in this state if the  
6       person is required to be licensed under sections 38a-702a to 38a-702r,  
7       inclusive, and is not so licensed.

8       (b) A person shall not accept a commission, service fee, brokerage or  
9       other valuable consideration for selling, soliciting or negotiating  
10      insurance in this state if the person is required to be licensed under  
11      sections 38a-702a to 38a-702r, inclusive, and is not so licensed.

12      (c) Renewal or other deferred commissions may be paid to a person  
13      for selling, soliciting or negotiating insurance in this state if the person  
14      was required to be licensed under sections 38a-702a to 38a-702r,  
15      inclusive, at the time of the sale, solicitation or negotiation and was so  
16      licensed at that time.

17      (d) An insurer [or insurance producer] may pay or assign  
18      commissions, service fees, brokerages or other valuable consideration  
19      to an insurance agency or to persons who do not sell, solicit or

20 negotiate insurance in this state, unless the payment would violate  
 21 section 38a-825. Except as provided in subsection (e) of this section, no  
 22 insurance producer may pay or assign commissions, service fees,  
 23 brokerages or other valuable consideration to any person unless the  
 24 person is licensed for the applicable line of authority in accordance  
 25 with sections 38a-702a to 38a-702r, inclusive.

26 (e) An insurance producer may pay or assign commissions, service  
 27 fees, brokerages or other valuable consideration to a financial  
 28 institution that does not sell, solicit or negotiate insurance in this state,  
 29 unless the payment would violate section 38a-825. As used in this  
 30 subsection, "financial institution" means a bank, as defined in section  
 31 36a-2, an out-of-state bank, as defined in section 36a-2, a mortgage  
 32 lender, as defined in section 36a-485, a licensee, as defined in section  
 33 36a-510, a broker-dealer registered in this state, an investment advisor  
 34 registered in this state, or an investment advisor that has filed a notice  
 35 of exemption pursuant to subsection (e) of section 36b-6.

This act shall take effect as follows:	
Section 1	October 1, 2003

**INS**      *Joint Favorable Subst.*